

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 29** SLS 08RS 231

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 19, 2008 9:49 AM	Author: MURRAY
Dept./Agy.: Louisiana Tax Commission	
Subject: Assigns Orleans Property Tax Appeals to the La. Tax Comm.	Analyst: Charley Rome

TAX/AD VALOREM OR +\$235,000 GF EX See Note Page 1 of 1

Provides for the Louisiana Tax Commission instead of the parish governing authority to be the board of review to determine the correctness of property tax assessments in certain parishes. (See Act)

Present law requires property tax assessments in each parish to be subject to review for correctness by a board of review consisting of the governing authority of the parish. Proposed law provides that the Louisiana Tax Commission is to act as the board of review in any parish with a population in excess of 475,000 according to the most recent federal decennial census. Present law requires each tax recipient body affected by a decision of the tax commission upholding the valuation of an assessor within 10% of the assessor's valuation to reimburse the assessor on a pro rata basis for the amount of the assessor's expense involved in defending the assessment. Proposed law deletes this reimbursement when the decision is one in which the tax commission is acting as the board of review for a parish. Proposed law otherwise makes the review procedures in present law applicable to the tax commission when it acts as a board of review. Effective on January 1, 2009, if the proposed amendment to Article VII, Section 18(E) of the Constitution of Louisiana of the 2008 Regular Session is adopted.

EXPENDITURES	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$231,600	\$231,600	\$231,600	\$1,650,000	\$231,600	\$2,576,400
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$231,600	\$231,600	\$231,600	\$1,650,000	\$231,600	\$2,576,400

REVENUES	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

State general fund expenditures at the Louisiana Tax Commission (LTC) will increase by an estimated \$231,600 in Fiscal Year 2008-09. This cost estimate is based on two full time LTC staff (\$150,000 annual cost for salaries and benefits) and another \$81,600 in professional services needed to conduct the reviews required by the bill. The \$81,600 in professional services in FY 2008-09 is for an estimated 51 residential appraisals (\$600 each) and an estimated 34 commercial appeals (\$1,500 each). Estimated costs in FY 2011-12 are significantly greater due to a Constitutional requirement to reappraise properties every four years. Appeals increase significantly during these reappraisal years, with the cost to the LTC in FY 2011-12 being an estimated \$1.5 million plus recurring staff costs to meet the bill's requirements. However, the number of appeals the LTC might receive for FY 2011-12 is uncertain, and the estimated \$1.5 million is based on a similar amount appropriated to the LTC in FY 2007-08 to hear property tax appeals from Orleans Parish due to disruptions in values caused by Hurricane Katrina and its aftermath.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$500,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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